



## *Report to the Auburn City Council*

Action Item

Agenda Item No. 6

City Manager Approval

**To:** Honorable Mayor and City Council Members  
**From:** Robert Richardson, City Manager  
Andy Heath, Administrative Services Director  
**Date:** January 26, 2009  
**Subject:** Public Notification – CalPERS Two-Year Service Credit Future Annual Costs

### The Issue

Shall the City Council adopt a Resolution adding another designated period to participate in the California Public Retirement System's (CalPERS) Two-Year Service Credit (Two-Year Retirement Incentive) option referenced in Section 20903 of the California Public Employee's Retirement Law?

### Conclusion and Recommendation

By Resolution, in accordance with Government Code Section 7507, make public for two weeks prior to adoption of a resolution establishing a designated period for two years additional service credit, the costs of providing benefits under the California Public Retirement System's (CalPERS) Two-Year Service Credit, estimated to be \$111,009.60.

### Background

As a means to address new budgetary constraints and department reorganizations, staff recommends the City Council proceed with offering the Two-Year Retirement Incentive option referenced in Section 20903 of the California Public Employee's Retirement Law.

California Government Code Section 7507 requires that future annual costs to provide the Two-Year Retirement Incentive benefit be made public at a public meeting at least two weeks prior to the adoption of the resolution to provide the benefit. For the purposes of public notification, costs are referenced below.

### Analysis

Additional future one-time costs to provide the Two-Year Retirement Incentive benefit are estimated to be \$111,009.60. This cost represents the added cost to the retirement fund for eligible employees who retire during a designated window period. Actual future costs (for employees who ultimately participate in the program) will be included in the City's employer

contribution for the fiscal year that begins two years after the end of the designated period. The estimated added cost to the City's CalPERS Employer Contribution rate is expected to be \$8,384 annually.

Staff recommends the following classification be offered to participate in the Two-Year Retirement Incentive Program:

- Battalion Chief (Fire Department)

A total of two (2) employees who currently occupy positions in the above referenced classifications are eligible to participate in the Two-Year Retirement Incentive Benefit program.

**Alternatives Available to Council; Implications of Alternatives**

1. Adopt a resolution to make public the future annual costs to provide benefits under the California Public Retirement System's (CalPERS) Two-Year Service Credit (Two-Year Retirement Incentive) option referenced in Section 20903 of the California Public Employee's Retirement Law.
2. Do not adopt a resolution and direct staff accordingly.

**Fiscal Impact**

The one-time cost impact of the two years additional service credit will be included in the City's CalPERS employer contribution rate commencing with the fiscal year starting two years after the end of the designated period. The increase in the employer contribution rate may continue for as long as twenty (20) years and will be amortized into the employer contribution rate accordingly.

The current fully-loaded salary costs for the Fire Department's two Battalion Chief positions is approximately \$209,000. Estimated added costs to the City's CalPERS Employer Contribution rate is expected to be \$8,384 annually, commencing in Fiscal Year 2010-11.

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RESOLUTION NO. 09-  
RESOLUTION TO MAKE PUBLIC THE FUTURE ANNUAL COSTS TO PROVIDE  
BENEFITS UNDER THE CALPERS TWO-YEAR SERVICE CREDIT OPTION  
REFERENCED IN SECTION 20903 OF THE CALIFORNIA PUBLIC EMPLOYEE'S  
RETIREMENT LAW

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THE CITY COUNCIL OF THE CITY OF AUBURN DOES HEREBY RESOLVE:

That the City Council of the City of Auburn, in accordance with  
Government Code Section 7507, does hereby adopt a resolution to make public  
for two weeks prior to the adoption of a resolution establishing a designated  
period for two years additional service credit, the costs of providing benefits  
under the California Public Retirement System's (CalPERS) Two-Year Service  
Credit, estimated to be \$111,009.60.

DATED: January 26, 2009

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Mike Holmes, Mayor

ATTEST:

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Joseph G. R. Labrie, City Clerk

I, Joseph G. R. Labrie, City Clerk of the City of Auburn, hereby certify  
that the foregoing resolution was duly passed at a regular meeting of the City  
Council of the City of Auburn held on the 26<sup>th</sup> day of January 2009 by the  
following vote on roll call:

Ayes:  
Noes:  
Absent:

\_\_\_\_\_  
Joseph G. R. Labrie, City Clerk

